

Message Text

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ACTION NEA-06

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AMEMBASSY BEIRUT

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BEIRUT FOR RTDO

EO 11652: NA

TAGS: BEXP BMEP ETRD EIND KU

SUBJ: US-KUWAIT MANUFACTURING JOINT-VENTURES

REF: A) KUWAIT 3390; B) KUWAIT A-133, OCT 4, 1973

1. PRESENTLY, KUWAIT HAS NO LOCAL US-KUWAITI MANUFACTURING JOINT-VENTURES. HOWEVER, IN RECENT WEEKS EMBASSY HAS BECOME AWARE OF TWO SUCH POSSIBLE ENTERPRISES.

2. VICTOR EQUIPMENT CO HAS SENT REPS TO AREA IN ORDER MAKE FINAL APPRAISAL FEASIBILITY ESTABLISHING PLANT TO PRODUCE ACETYLENE WELDING EQUIPMENT IN KUWAIT. (SEE REF A). PROPOSED KUWAITI PARTNER IS VICTOR'S LOCAL AGENT WHO HAS EXTENSIVE EXPERIENCE IN MANUFACTURE OF BOTTLED GASSES, SOME OF WHICH UTILIZED IN WELDING. VICTOR EXPECTS TO MAKE FINAL DECISION BY APRIL.

3. MEANWHILE, ZACHRY CONSTRUCTION CO OF HOUSTON IS BEING ARDENTLY SOUGHT BY BOTH NATIONAL REAL ESTATE CO, A SUBSIDIARY OF KUWAIT CREDIT AND SAVINGS BANK WHICH OVERSEES ALL LOW-COST PUBLIC HOUSING, AND ZACHRY'S LOCAL AGENT KHALID AL-ISSA, FORMER MINISTER OF PUBLIC WORKS, FOR JOINT-VENTURE TO MANUFACTURE PREFABRICATED MODULAR HOUSING UNITS FOR ENTIRE GULF MARKET. ZACHRY BECAME INTERESTED IN PROPOSAL AFTER RECEIVED COPY REF B. PRELIMINARY SURVEY AND TALKS WITH POTENTIAL LOCAL INVESTORS CONDUCTED BY ZACHRY

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REP, MIKE FAWZI, ARE LIKELY TO LEAD TO SERIOUS CONSIDERATION

THIS PROPOSAL. ZACHRY ALREADY ACTIVELY PURSUING CONSTRUCTION CONTRACTS IN THE AREA.

4. ACTION REQUESTED: WHILE BOTH DEALS ARE BEING KEPT "CONFIDENTIAL" FOR PRESENT, COMMERCE SHOULD CONSIDER GIVING THEM WIDE PUBLICITY, IF AND WHEN DEALS CONCLUDED.

5. COMMENT: WE HOPEFUL THAT THIS PRECURSOR OF MORE ACTIVE US CORPORATE INTEREST IN CO-OPERATING WITH KUWAITIS IN THEIR PLANS TO DEVELOP SOMEWHAT MORE DIVERSIFIED ECONOMIC BASE. MOREOVER, WILLINGNESS US FIRMS TO TAKE SUBSTANTIAL EQUITY SHARE IN SUCH ENTERPRISES BODES WELL FOR THEIR POTENTIAL PROFITABILITY AND CONTRASTS FAVORABLY WITH MANY NEWLY FORMED PUBLIC SHAREHOLDING COMPANIES OSTENSIBLY FORMED TO ESTABLISH LARGE-SCALE LOCAL MANUFACTURING ENTERPRISES. IN REALITY SOME OF THESE PUBLIC SHARE COMPANIES ARE BEING PUT TOGETHER IN ORDER TO MAKE QUICK PROFITS IN SPIRALING KUWAIT STOCK MARKET WHICH EXCLUDES COMPANIES HAVING FOREIGN PARTICIPATION FROM MAKING PUBLIC STOCK OFFERINGS.
STOLTZFUS

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